TORO CO
Form 11-K
June 30, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2007.

OR

o TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to .

Commission file number 1-8649.

A. Full title of the plan and address of the plan if different from that of the issuer named below:

The Toro Company Profit-Sharing Plan for Plymouth Union Employees

The Toro Company
8111 Lyndale Avenue South
Minneapolis, MN 55420
Attn: Director, Tax Accounting

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

The Toro Company
8111 Lyndale Avenue South
Minneapolis, MN 55420

THE TORO COMPANY PROFIT-SHARING PLAN

FOR PLYMOUTH UNION EMPLOYEES

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Report of Independent Registered Public Accounting Firm

The Plan Administrator

The Toro Company Profit-Sharing Plan
for Plymouth Union Employees:

We have audited the accompanying statements of net assets available for benefits of The Toro Company Profit-Sharing Plan for Plymouth Union Employees (the Plan) as of December 31, 2007 and 2006, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2007 and 2006 and the changes in net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

/s/KPMG LLP

Minneapolis, Minnesota

June 27, 2008

THE TORO COMPANY PROFIT-SHARING PLAN
FOR PLYMOUTH UNION EMPLOYEES

Statements of Net Assets Available for Benefits

December 31, 2007 and 2006

	2007	2006
Assets:		
Investments at fair value:		
Interest in the Toro Company Master Trust fund	$ 3,252,492	2,978,392
Total investments	3,252,492	2,978,392
Employee contribution receivable	2,870	2,508
Employer contribution receivable	1,339	1,086
Net assets available for benefits at fair value	3,256,701	2,981,986
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	681	3,307
Net assets available for benefits	$ 3,257,382	2,985,293

See accompanying notes to financial statements.

THE TORO COMPANY PROFIT-SHARING PLAN
FOR PLYMOUTH UNION EMPLOYEES

Statements of Changes in Net Assets Available for Benefits

Years ended December 31, 2007 and 2006

	2007	2006
Additions to Net Assets:		
Investment income:		
Plan interest in net investment income of the Toro	$ 337,448	296,196
Net investment income	337,448	296,196
Employer contributions	43,170	39,984
Participant contributions	150,652	138,885
Total contributions	193,822	178,869
Total Additions to Net Assets	531,270	475,065
Deductions from Net Assets:		
Benefit payments	(259,181)	(276,774)
Net increase in net assets available for benefits	272,089	198,291
Net assets available for benefits:		
Beginning of year	2,985,293	2,787,002
End of year	$ 3,257,382	2,985,293

THE TORO COMPANY PROFIT-SHARING PLAN
FOR PLYMOUTH UNION EMPLOYEES

Notes to Financial Statements

December 31, 2007 and 2006

(1) Summary Description of Plan

The following description of The Toro Company Profit-Sharing Plan for Plymouth Union Employees (the Plan) is provided for general information purposes only. Participants should refer the Plan document restated as of January 1, 2006 for more complete information.

Employees are eligible to contribute to the plan after they have completed 180 consecutive days of employment or one year of eligibility service and must be a member of a collective bargaining unit. Participants are fully vested in the entire balance of their individual accounts attributable to those contributions. The Company also makes matching contributions. Participants are eligible for matching contributions after completing one year of qualifying service with the Company. Company contributions, together with the income attributable thereto, vest at a rate of 20% after one year of vesting service, with an additional 20% being accumulated annually thereafter until the participant is 100% vested.

Participants and the Company make contributions to the Plan. The investments of employee and employer contributions are selected by the participants. All contributions under the Plan are made to a trust that holds all of the assets of the Plan.

Participant may receive distributions from their vested accounts under the Plan upon termination of employment, retirement, or death in the form of a lump-sum payment or in installments. Participants are allowed to withdraw amounts that they previously rolled into the Plan. Withdrawals are also allowed from selected accounts in the event of a defined financial hardship to the extent necessary to satisfy the financial need. To the extent an account is invested in Company common shares, a withdrawal or distribution can be in the form of common shares or cash.

Effective November 5, 2007, a new trustee (Fidelity) was appointed to the Plan. Plan assets transferred to the new trustee were transferred into funds comparable to those offered by the former trustee (J.P. Morgan Retirement Plan Services). The conversion initiated a “Black Out” period beginning October 20, 2007 and continued through November 4, 2007. Prior to this period, employees were notified and able to select funds with the new trustee. During the Black Out period, fund elections could not be changed or withdrawn from the Plan until the new trustee had time to accurately complete the conversion. Employee contributions continued to be made through payroll deductions and contributions were deposited directly into the participant accounts based on their elections until the completion of the Black Out period.

Employee contributions to the plan consist of salary reduction elections under a 401(k) feature, voluntary after tax contributions, and rollover funds from other qualified plans. The Company is required to make a matching contribution equal to 50% of the participants’ contributions to the Plan not to exceed 2% of the participants’ total compensation made.

Transfers to/from other funds, represent participant elected rollovers to/from other plans of other employers or other transfers to/from plans.

During the plan years ended December 31, 2007 and 2006, there were no forfeited amounts from nonvested accounts.

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THE TORO COMPANY PROFIT-SHARING PLAN
FOR PLYMOUTH UNION EMPLOYEES

Notes to Financial Statements

December 31, 2007 and 2006

The Company, administrator of the Plan, absorbs all administrative costs of the Plan, except for the trustee fees.

(2) Summary of Significant Accounting Policies

(a) Basis of Financial Statement Presentation

The accompanying financial statements of The Toro Company Profit-Sharing Plan for Plymouth Union Employees (the Plan) are presented in accordance with U.S. generally accepted accounting principles.

(b) Investments

The Plan's investments are in a Master Trust held by Fidelity (the trustee). The investment securities are stated at fair values based upon published quotations or, in the absence of available quotations, at fair values determined by the trustee. Purchases and sales of securities are recorded on a trade-date basis.

The Company maintains one Master Trust for three profit sharing and retirement plans that are sponsored by the Company. The three plans are the Plan, The Toro Company Investment, Savings, and Employee Stock Ownership Plan, and the Hahn Equipment Company Savings Plan for Union Employees. The purpose of the Master Trust is to pool investment transactions and achieve uniform rates of return on comparable funds under all plans. The Master Trust invests in fully benefit-responsive investment contracts stated at fair value and then adjusted to contract value. Fair value of the contracts is calculated by discounting the related cash flows based on current yields of similar instruments with comparable durations.

The Plan's proportionate share of net investment income from the Master Trust is based upon the percentage of the fair value of the Plan's investment in the Master Trust's net assets. The Plan's percentage interest in the net assets of the Master Trust was approximately 1% as of December 31, 2007 and 2006.

(c) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the reporting period. Actual results could differ from those estimates.

(d) Concentrations of Risk

The Plan has investments in a variety of investment funds. Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Net Assets Available for Benefits.

The assets held by the Master Trust include The Toro Company Common Stock. At December 31, 2007 and 2006, approximately 34% and 36% of the investments of the Master Trust were invested in common stock of the Company. The underlying value